

VZCZCXRO8558
OO RUEHCD RUEHGD RUEHHO RUEHMC RUEHNG RUEHNL RUEHRD RUEHRS RUEHTM
DE RUEHME #0379/01 0251658
ZNR UUUUU ZZH
O 251658Z JAN 07
FM AMEMBASSY MEXICO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5086
RUCPDO/DEPT OF COMMERCE WASHDC IMMEDIATE
INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE IMMEDIATE
RUEAHLA/DEPT OF HOMELAND SECURITY IMMEDIATE
RUEHRC/DEPT OF AGRICULTURE WASHDC IMMEDIATE
RULSDMK/DEPT OF TRANSPORTATION WASHDC IMMEDIATE

UNCLAS SECTION 01 OF 08 MEXICO 000379

SIPDIS

SENSITIVE
SIPDIS

WHA/MX FOR MATT ROTH, BUCK WALDROP, DAN DARRACH; DOC FOR
MIGUEL HERNANDEZ, CAMERON CUSHMAN, GERI WORD, USTR FOR JOHN
MELLE, KENT SHIGATOMI

E.O. 12958: N/A
TAGS: [ECIN](#) [ECON](#) [ELTN](#) [ETRD](#) [MX](#)
SUBJECT: BRIDGES THAT DIVIDE US: FACILITATING US-MEXICO
COMMERCE

Summary

11. (SBU) The overall message conveyed to Assistant
Secretary of Commerce David Bohigian during his three-day,

SIPDIS
three-state tour of the U.S.-Mexican border was that there
is much that the two federal governments can do to help
improve cross-border commerce, to the benefit of consumers,
businesses, and communities. The U.S. and Mexican business
leaders and customs officials who met with Bohigian work
closely with their counterparts on the other side of the
border to address problems that arise. Their bilateral
efforts have lead to impressive results, but they
emphasized the need for increasing federal attention and
resources to reduce barriers to border commerce in order to
reap true benefits from the promises of NAFTA for both
American and Mexican companies and consumers.

12. (SBU) The main concern for all involved parties was the
long wait times for cargo-laden trucks and day trippers
when crossing the border into the United States. Business
leaders stressed the need for increased U.S. and Mexican
infrastructure at the ports of entry (POE) into the United
States, in terms of roads, inspection terminals, and
customs personnel. U.S. Customs and Border Protection
(CBP) officials noted that most of their facilities had
been built decades ago, before NAFTA and Mexico-based
factories (maquiladoras) producing goods for the American
market created an enormous upsurge in the number of trucks
using the POEs. Business leaders and CBP officials noted
that while programs such as Fast and Secure Trade (FAST)
and the Customs-Trade Partnership Against Terrorism (C-
TPAT) have in some cases reduced border wait times for
trucks, lack of infrastructure and overly-stringent
regulations impede the real progress that these programs
intended. Communities have also expressed concern over the
environmental cost of pollution spewing from vehicle
engines kept idling in the long lines. In the absence of
improved infrastructure, one proposed solution to long wait
times has been to keep POE inspection facilities open for
longer hours. CBP officials expressed openness to the
idea, as long as businesses pledged to change their
business QcultureQ by encouraging FAST/C-TPAT certification
and ensuring a steady stream of cargo traffic throughout
the extended hours. Coordination of POEs along the border
to share best practices can also improve the situation
without a large budget increase. End summary.

General Setting

¶3. (SBU) Bohigian and his team observed dedicated and talented CBP officials at each POE, who worked closely with communities on each side of the border. Each POE (El Paso, Nogales, and San Diego/Otay Mesa) had developed innovative methods to reduce the wait times for trucks entering the United States, while maintaining their high security standards. The need for balancing smooth trade with comprehensive security measures was highlighted during the tour of the Nogales POE, where CBP officials had just seized 1500 pounds of marijuana from one of the cargo trucks. Their willingness to address concerns of the business community and their close ties with Mexican customs authorities are admirable, especially given constraints of the environment in which they operate.

Bohigian Listening Tour

¶4. (U) Building on a visit in October to Laredo/Nuevo Laredo, Assistant Secretary of Commerce for Market Access and Compliance David Bohigian and staff from the Department of Commerce met with community and business leaders and CBP officials in the towns and Points of Entry (POEs) of El Paso/Ciudad Juarez, Nogales/Nogales, and San Diego/Tijuana (Otay Mesa POE) from January 16-18. Bohigian stressed to these communities that the USG is acutely aware of the importance of cross-border trade and is looking for ways to achieve friction-free trade, striving for an efficient flow of goods and services across borders while balancing this prosperity with the need for increased security along the border. Bohigian noted improvements already made at the Detroit/Windsor border crossing because of the extra lanes

MEXICO 00000379 002 OF 008

added, and asked his interlocutors for ideas from the ground on what is working well and what needs improvement at their POEs. He asked for help from business leaders in collecting information on how long waits at the border and other hold-ups in the supply chain affect their businesses and, ultimately, American consumers.

¶5. (U) The groups were grateful for the attention of the Department of Commerce on facilitating border trade. Each community described strong cultural and economic ties between American border cities and their Mexican counterparts and strong working relationships with their neighbors across the border. They also demonstrated ways in which border communities differ from each other, and how NAFTA and increased security regulations have posed distinct problems for each community. In speaking to three different communities, however, it was evident that many of the issues they face are quite similar. They all had numerous suggestions on how to improve trade efficiency at their POEs and along the border.

Infrastructure Woes along the Border

¶6. (U) The main problem all groups pointed to was the long wait at the border to enter the United States encountered by trucks and passenger vehicles. For trucks, waits of several hours before reaching the point of inspection are not uncommon. Once trucks reach the POE, primary inspection usually takes only a few minutes, though trucks tagged for secondary inspection are further delayed. The delays at POEs come mostly from a lack of adequate infrastructure, either at the POE itself or on the Mexican side leading to the POE. Many of the POEs along the border were built to handle cargo and pedestrian traffic at much lower rates and have not undergone significant expansions in a post-NAFTA economy. The Otay Mesa POE connecting San Diego County to the maquiladoras of Tijuana, Mexico, was

built in 1944 and has greatly outgrown its capacity. The Mariposa facility in Nogales was built to handle 300 trucks per day, while the POE now handles around 1,200 trucks per day.

¶7. (U) Expansion of POE facilities cannot sufficiently solve wait time problems without corresponding investment in road infrastructure leading to the POEs. At all three POEs, for example, both CBP officials and businesses agreed that the designated FAST lanes for trucks that are C-TPAT certified could significantly reduce wait times. In reality, however, a lack of sufficient road infrastructure in Mexico leading up to these new FAST lanes keeps these trucks waiting in long lines until they are able to enter the FAST lanes. In El Paso, for example, an additional one kilometer stretch of road could be built on the Mexican side allowing FAST trucks to enter their lane earlier could induce more companies to enroll in the FAST program.

¶8. (U) Infrastructure problems in El Paso have also caused delays, such as the lack of dividers between the FAST lanes and regular lanes. Non-FAST trucks are able to enter FAST-designated lanes and then cut back into the non-FAST lanes at the last moment, defeating the purpose of designated lanes and increasing wait times for FAST trucks. Simply installing QJersey barriersQ (common concrete barriers also known as QK-railsQ) to divide the lanes would solve this problem; however, according to CBP officials in El Paso, lack of funding has so far held up this solution. Even when FAST-trucks go through primary inspection without problems, they mix with non-FAST trucks at the bottleneck created by the one exit gate at the facility. CBP officials are working to secure funding to build a second exit gate designated for FAST trucks.

¶9. (U) In many cases, private/public initiatives in these border communities have been instrumental in advancing infrastructure concerns. In Nogales, for example, business and community leaders worked with CBP officials to develop plans for a new Mariposa POE facility, and then traveled to Washington to lobby for the project. They secured the promise to include funding for the project in the 2007 budget, though with the 2007 budget currently stuck in Congress, the community is worried about the future of the project. In El Paso/Ciudad Juarez and San Diego

MEXICO 00000379 003 OF 008

County/Tijuana, local groups are working together closely to press for additional roads leading to FAST lanes, as well as other infrastructure changes. They have even proposed public/private partnership for funding some of these projects.

¶10. (SBU) Comment: While local initiatives and partnerships have been very effective in these border communities, additional support from the federal government on both sides is required for these projects to succeed. In the case of building additional roads leading to U.S. FAST lanes, for example, even if local private groups pledge funding, local, state, and federal authorities on the Mexican side must approve the concession for building such roads. Embassy dialogue with the Mexican Secretariat of Communications and Transport on this issue might help to speed the process, and get the GOM to focus on improving border infrastructure. End comment.

¶11. (U) Local groups often focus on construction of new POE facilities as solutions for backups, but CBP officials are constrained not only by budgets but also by geography. One port director said that the focus should be not on building new POEs but on maximizing the existing facilities through new technologies, expanding lanes, and increasing staffing at POEs. Some suggest that the use of Qdouble stacked inspection boothsQ (where two cars or trucks could be inspected at the same time in one booth), while requiring more CBP staffing, would allow more vehicles to be

processed without having to build new lanes.

¶12. (U) The investment of capital POE facilities or roads would pay off not only in lower wait times for cargo (and, thus, lower prices for U.S. consumers) but also in increased security. One port director said that adequate roads leading into his POE would make the wait time for trucks entering the POE more predictable. This would allow for the use of GPS tracking of trucks arriving at the inspection booths. A noticeable difference between the average time it would take a truck to reach the inspection booth and the actual time it took a specific truck could alert CBP inspectors to trucks that might have been compromised along the way.

New Technologies, Policies Improving Trade

¶13. (SBU) New technologies and practices at the border have had a positive impact on wait times for cargo entering American POEs. However, they have also highlighted the need for adequate infrastructure to support the new technology. For example, the Automated Commercial Environment (ACE) program, recently implemented at many cargo POEs, includes a Web-based portal that allows CBP inspectors to access information on importers and manufacturers in order to create a risk assessment of the cargo. Shipments that score high on this assessment are sent to secondary inspection at the POE. At El Paso's Bridge of the Americas POE, ACE has greatly reduced the average processing time for each cargo vehicle. However, this improvement has led to a marked decrease in the percentage of companies participating in the C-TPAT/FAST program at this POE, a program that increases the security of cargo entering the United States. The lack of road infrastructure leading into the FAST lanes reduces the benefits of FAST.

¶14. (SBU) In addition, trucks going through ACE lanes are currently less likely to be picked for secondary inspection than FAST trucks, further reducing their wait time and further reducing the benefits of FAST. The port director said that 40% of FAST trucks, which undergo certification for the shipments and logistics chains as well as driver vetting, are chosen to undergo non-invasive inspection (NII) such as gamma ray scanning, as opposed to 18% of non-FAST vehicles. Since the inauguration of FAST in 2002, not one FAST truck has been seized for illegal practices in El Paso, a POE that led the nation in narcotics seizures in 2006. (Note: There may be a discrepancy regarding the required percentage of FAST trucks that must undergo NII. A port director at another POE said that POEs were once mandated to perform NIIs on 40% of FAST trucks, but that POEs can now conduct NIIs on FAST trucks according to their

MEXICO 00000379 004 OF 008

own discretion. At his port, for example, 25-30% of FAST trucks undergo NII, which he considers a high percentage.)

¶15. (SBU) While the actual percentage of FAST trucks singled out for NII is not public, business leaders have noticed the difference. They say that they are willing to make the financial investment necessary to have their companies and trucks C-TPAT certified, but only if they are able to maintain a competitive advantage in doing so. Unless infrastructure and inspection concerns are met, there is little incentive to join C-TPAT/FAST. Business leaders also asked if something might be done to reduce the backlog of applications for C-TPAT certification.

¶16. (U) Port directors along the border have welcomed new technologies, such as gamma ray scanners, electronic manifests, and the ACE program, that both speed up traffic through their POEs and increase the security of the cargo entering the United States. At the Otay Mesa POE, for example, the ACE system has allowed for the port director

to create Qvirtual lanesQ when traffic becomes especially backed up. Because ACE is Web based, the director can send trucks away from the inspection lanes and into other parts of the facility such as the dock while CBP officials process them at separate computers, making room for more trucks to move into the inspection lanes.

¶17. (U) Otay Mesa also looks forward to implementation of the e-manifest requirement for trucks entering California. (E-manifests will be required at Arizona POEs starting January 25 and later in the year at other POEs.) E-manifests will give the POEs advanced knowledge of cargo and its driver, the weakest link in the supply chain, several hours in advance. This allows the POE to adjust staffing for anticipated high volume hours and be prepared for cargo or drivers that may pose a high security or health risk. On the other hand, the El Paso port director noted that e-manifests are only as trustworthy as the manufacturer or logistics manager who creates the manifest. He identified the need for increased cooperation with manufacturers, such as through the C-TPAT/FAST program, to ensure the trustworthiness of e-manifests.

¶18. (SBU) Comment: New technologies have allowed POEs to become more efficient and more secure. However, infrastructure and regulatory constraints have moderated the impact of these successes. As one Ciudad Juarez businessman noted, the FAST/C-TPAT program is a good step forward in theory, but in practice, FAST trucks may experience longer wait times at POEs than non-FAST trucks. The benefits for a company enrolled in C-TPAT/FAST should be, as one maquiladora described it, shipment predictability, a reduction of non-value costs of shipping, and better speed to the market. A further investment in infrastructure and personnel on both sides of the border, as well as at the offices responsible for processing C-TPAT certification, could help FAST live up to its goals. Getting manufacturers, logistics companies, and drivers C-TPAT/FAST certified is a win-win situation for both the USG and industry if the system works as it should. Companies would recoup the expenses of becoming C-TPAT certified by ensuring that their cargo makes it to their clients more efficiently. At the same time, C-TPAT certified companies promise a more secure supply chain and increase the safety of the cargo and trucks entering the United States. End comment.

Increasing Hours

¶19. (U) One common idea raised by business leaders along the border was that POEs should be open for longer hours. In general, port directors seemed open to this idea, and indeed do accommodate the need for longer opening hours and longer work weeks during peak season or after holidays. Increased hours must be met, however, with a commitment on the part of businesses and manufacturers to change their shipping practices. All port directors noted that the industries that use their POEs tend to follow the same schedules: starting the work day at the same times, loading trucks at the same times, and then arriving at the POEs at the same high volume periods. Though businesses have asked that the POEs increase their hours of operation, they have

MEXICO 00000379 005 OF 008

not made significant changes to their schedules, often leaving the POEs having committed to extra hours of operation and increased staffing that is being underutilized. The Field Office director in El Paso used the example of the Santa Teresa POE in New Mexico, which recently installed a new FAST lane and increased its hours of operations, at the request of maquiladoras on the other side of the border. The new FAST lane is not being utilized to its full capacity, she said, because companies are not yet changing their practices to use the Santa Teresa facility instead of El Paso. The experience at the

Mariposa POE in Nogales has been the same when they have tried to extend hours.

¶20. (U) The Bridge of the Americas port director in El Paso said that he had issued a challenge to community business leaders: if they could increase the percentage of companies participating in C-TPAT/FAST, he would increase the number of hours the port stays open. He has asked for a guarantee that the FAST lanes would see a volume of at least 20 trucks per hour. Because FAST trucks require less attention than non-FAST trucks, the affect on staffing requirements would be minimal. While the business community stresses the need for round-the-clock operations, they also claim that the FAST program needs to start improving its benefits before they can ensure new members. The port director in Nogales noted that on occasions when he has expanded port operations to a seven-day work week, businesses have not adapted to the new hours and volume has been low. POEs also pointed out that businesses serving the trucks, such as customs brokers, industrial parks, stevedores, and fuel services, need to adapt their practices to ensure normal truck traffic if hours were extended.

¶21. (SBU) Comment: In communities such as El Paso/Juarez, where over 90% of the cargo traffic originates at manufacturers in Juarez, port directors are working closely with local industry leaders to encourage them to change their practices in exchange for longer opening hours at the POEs. Ensuring the efficacy of the C-TPAT/FAST program through the measures mentioned above could help them in this endeavor. POEs such as Nogales, where most cargo originates further south in Mexico, require more assistance from federal authorities to encourage businesses to adjust their practices to encourage extended opening hours at POEs and apply for C-TPAT certification to reduce wait times. The USG can work with the Mexican authorities and transportation and industry organizations to promote such incentives and programs. End comment.

Coordinating Agencies

¶22. (U) United States-Mexico border POEs handle an enormous volume of travelers and cargo each year. The port director at NogalesQs Mariposa POE offers this comparison: two of the United StatesQs busiest airports, JFK and LAX, handle approximately 18 million passengers per year, combined. In 2006, NogalesQs POEs handled over 16 million travelers, plus their vehicles and cargo, with no advanced notification and with significantly less manpower. The unique nature of land border POEs processing cargo demands involvement not only of customs authorities but also of myriad federal and state authorities. El Paso POEs, for example, include officials from the federal Department of Transportation (DOT), Texas and New Mexico DOTs, Center for Disease Control, Food and Drug Administration, and U.S. Department of Agriculture. Trucks entering the United States through the El Paso POEs must undergo separate inspections at separate facilities by both the U.S. DOT and the Texas DOT after going through CBP inspections, resulting in a duplication of efforts and bottlenecks. The California and Arizona POEs did not seem to have the same problem, and cited proactive relations between federal and state officials.

¶23. (SBU) Comment: CBP authorities mentioned that duplication of efforts between US and Texas DOTs cannot be addressed at a local level. Encouraging cooperation between federal and local authorities could help address some of the backups at POEs. Infrastructure changes, such as following NogalesQs example of QsuperboothsQ that house

MEXICO 00000379 006 OF 008

CBP, Arizona DOT, and Federal Motor Carrier Association officials for Qone-stop shoppingQ, at other POEs might also

help reduce the number of stops trucks must make upon entering the United States, and thus reduce bottlenecks and wait times. End comment.

Sharing Best Practices

¶24. (SBU) The QsuperboothsQ of Nogales and the Qvirtual inspectionsQ of Otay Mesa are examples of the forward thinking, innovative ideas born of necessity at these POEs. Yet while Washington-mandated practices were generally uniformly carried out along the border, these resourceful practices originating at individual POEs were not duplicated by their colleagues elsewhere along the border. In some cases, this may be due to the different circumstances of each POE. There is more physical space at flat Otay, for example, than there might be at Nogales. Solutions that work at one POE may not be immediately transferable to others, but they can be adapted to suit the specific needs of individual POEs. Other best practices that merit consideration include OtayQs designation of a lane for the exclusive use of empty trucks to increase efficiency, a practice that might benefit El Paso, where empties make up about 50% of cross-border cargo traffic. El PasoQs connections with the local business community and local authorities are also a model that can be adapted to other POEs. (Comment: Federal authorities in Washington should encourage regular opportunities for port directors along the Mexican and Canadian borders to exchange ideas and best practices. The ingenuity that local CBP port directors and field office directors bring to solving problems on the ground should be built upon to benefit the entire border rather than just individual POEs. End comment.)

Communities Divided by Bridges

¶25. (U) Border communities depend on each other for economic success. The extent of these communities interdependence is evident on a trip to a Costco or Walmart on the U.S. side of the border, where the majority of cars have Mexican license plates, even though these stores are available on the Mexican side, too. Community leaders in El Paso/Juarez described the bridges spanning the Rio Grande as Qthe only obstacleQ between their cities. The mayor of Nogales, Sonora, reminded Washington that bridges between Sonora and Arizona are Qmade of people, not just steel.Q Locals refer to either Nogales, Arizona or Nogales, Sonora as QAmbos NogalesQ--translated as Qboth NogalesQ--reflecting the close ties of the communities.

¶26. (U) In meetings with business and local and federal authority representatives, border communities stressed to Bohigian again and again how interdependent the people and the economies of their cities are. In El Paso, local authorities cautioned Washington from viewing their city as a separate entity from their neighbor across the river. They noted that the loss of jobs in Ciudad Juarez negatively impacts businesses in El Paso that depend on Mexican customers to buy their goods and services. Leaders in San Diego and Tijuana noted that they have conducted joint trade missions in Asia. They expressed their worries over the impact of the Western Hemisphere Travel Initiative (WHTI), which in 2008 will require U.S. citizens to present a passport upon reentering the United States through a land border POE. Mexican businesses fear that the WHTI will lessen the number of Americans crossing into Mexico for tourism and shopping, while American businesses fear that the longer lines that inspection of U.S. citizens passports will create may discourage Mexicans from heading north for shopping.

¶27. (U) In addition to worries about long waits for people crossing the border, these communities remarked that long waits for trucks result in a negative environmental impact due to air pollution from idling trucks. Insufficient road infrastructure in Mexico results in crowding already

crowded streets in urban areas, and trains stopping at the border for crew changes and inspections cut cities in half.

MEXICO 00000379 007 OF 008

¶27. (SBU) Comment: While local groups sometimes think they could solve border problems on a local level without the interference of federal authorities, the security and prosperity of these communities depend on forward-thinking initiatives on the part of the federal governments of the United States and Mexico. Representatives from consulates along the border (as well as local CBP officials) already participate in most of the local organizations discussing cross-border issues affecting their communities. The Embassy can bring these communities' concerns to the attention of federal authorities. In addition, officials in Washington can continue to solicit the cooperation and suggestions of these groups and address their concerns. Increased public awareness campaigns organized in conjunction with local American groups and with Mexican tourism representatives, for example, might help to both alleviate fears regarding the WHTI implementation's effects on local economies while also facilitating a smoother transition to the new system. End comment.

Looking to the Future

¶28. (U) Infrastructure and practices at border POEs have been slow to adapt to greatly increased demand on their personnel and facilities brought about by NAFTA. Improvements at the border must look at new changes that are already affecting cross-border commerce. For instance, increased trade with Asia, and especially with China, has increased the stress on American ports. Asian exporters are looking to Mexico to avoid waits at seaports such as Long Beach, California. Anticipated investment in Mexican seaport and railroad infrastructure, such as at Punta Colonet, will also put more stress on land ports along the border. The USG should coordinate such projects with the GOM to anticipate such changes and adapt infrastructure and staffing at border POEs accordingly.

¶29. (U) New technologies also provide a unique opportunity for the USG and GOM to work together to facilitate trade. The use of electronic seals of cargo, such as those used for in-bond shipments landing in the United States but intended for consumers outside the United States, could be expanded for cargo from Mexico destined for the United States, both on trucks and rail containers. Electronic seals would both reduce the need for invasive inspections and reduce the security risk of cargo shipments headed into the United States. Several border groups are already investigating the use of new technologies to improve cross-border trade, and the USG should seek to encourage and test these innovations.

Conclusion and Comment

¶30. (SBU) Quantifying the value of time saved crossing the border is a difficult task, but it is important in understanding how interdependent the economies and citizens of Mexico and the United States are increasingly becoming. By engaging in productive dialogue with each other and with local organizations, the USG and the GOM can advance both short- and long-term projects to facilitate cross-border commerce to benefit both our countries. Improving conditions at border crossings can be accomplished by responding to concerns of business leaders and efforts of CBP officials on the ground with a combination of increased monetary and personnel resources from the USG to improve POE infrastructure; USG efforts to coordinate infrastructure improvements with the GOM and to press for equivalent changes at Mexican POEs; and coordination between all USG POEs to share some of the best practices

that they have individually developed to facilitate trade. A renewed and future-oriented commitment to facilitating cross-border trade will directly benefit not only border communities but also American and Mexican companies and consumers while continuing to ensure the safety and security of our nation.

131. (U) A/S BohigianQs office has cleared this cable.

MEXICO 00000379 008 OF 008

GARZA